

TAB 1

CONSENT AGENDA

Town of Lake Park Town Commission
Agenda Request Form

Meeting Date: October 15, 2003

Agenda item No. 3

- | | |
|---|--|
| <input type="checkbox"/> PUBLIC HEARING
<input type="checkbox"/> Ordinance on Second Reading
<input type="checkbox"/> Public Hearing

<input type="checkbox"/> ORDINANCE ON FIRST READING

<input type="checkbox"/> GENERAL APPROVAL OF ITEM

<input type="checkbox"/> Other: | <input type="checkbox"/> RESOLUTION

<input type="checkbox"/> DISCUSSION

<input type="checkbox"/> BID/RFP AWARD

<input checked="" type="checkbox"/> CONSENT AGENDA |
|---|--|

SUBJECT: Engagement letter for 2003-2004 audit

RECOMMENDED MOTION/ACTION: To authorize the engagement letter for the next three audit years for Caler, Donton, Levine Druker, Porter & Veil .

Approved by Town Manager *[Signature]* Date: 10/9/03

Originating Department:	Costs: \$ Funding Source: Acct. #	
Department Review: <input checked="" type="checkbox"/> City Attorney <i>[Signature]</i> <input type="checkbox"/> Community Affairs _____ <input type="checkbox"/> Community Development _____	<input checked="" type="checkbox"/> Finance <i>[Signature]</i> <input type="checkbox"/> Fire Department _____ <input type="checkbox"/> Library _____ <input type="checkbox"/> PBSO _____	<input type="checkbox"/> Personnel _____ <input type="checkbox"/> Public Works _____ <input type="checkbox"/> Town Clerk _____ <input type="checkbox"/> Town Manager _____
Advertised: Date: _____ Paper: _____ <input type="checkbox"/> Not Required	Finance Director Approval: <i>Anthony R. Sementelli</i>	Attachments:

Summary Explanation/Background: Enclosed is an engagement letter authorizing our auditors to complete the next three audits. I recommend this since we will need to state our financials in compliance to GASB 34 next year. The 2003 audit is anticipated to come in around \$32,000 which is significantly lower than it has been in the past.



CALER, DONTEN, LEVINE, DRUKER, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
DAVID S. DONTEN, CPA
SCOTT D. DRUKER, CPA, JD
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

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MEMBERS
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CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
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September 1, 2003

The Honorable Mayor and
Town Commissioners
Town of Lake Park
Lake Park, Florida

We are pleased to confirm our understanding of the services we are to provide for the Town of Lake Park, Florida (the "Town") for the years ended September 30, 2003, 2004 and 2005. We will audit the financial statements of the Town as of and for each year ended September 30th and will issue the required reports for the Auditor General of the State of Florida. We understand that the financial statements for the year ended September 30, 2003 will be presented in accordance with the financial reporting model in effect prior to that described in Governmental Accounting Standards Board (GASB) Statement No. 34. The financial statements for the years ended September 30, 2004 and 2005 will be presented in accordance with the financial reporting model described in Governmental Accounting Standards Board (GASB) Statement No. 34.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of supplementary information when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Town and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason determined by us, we are unable to complete the audit or are unable to express an opinion, we may decline to express an opinion or may not issue a report as a result of this engagement. We will also provide reports (that do not include opinions) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.

Management Responsibilities

The management of the Town is responsible for establishing and maintaining internal control and for compliance with laws, regulations, contracts, and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute,

The Honorable Mayor and Town Commissioners
Town of Lake Park
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assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Town involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the basic financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Town received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Town complies with applicable laws and regulations.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the basic financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Town or to acts by management or employees acting on behalf of the Town. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of the audit, we will also require certain written representations from you

about the financial statements and related matters. The results of our audit tests, the responses to our inquiries and the written representation letter constitute the evidential matter we intend to rely upon in forming an opinion on the financial statements. Because of the importance of management's representations to an effective audit, the Town agrees to release Caler, Donten, Levine, Druker, Porter & Veil, P.A. ("CDL") and its personnel from any liability and costs relating to the services under this letter attributable to any misrepresentation by management.

Identifying and ensuring that the Town complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Procedures – Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the Town's financial statements.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the Town Commission of any matters involving internal control and its operation that we consider being reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Audit Administration, Fees and Other Matters

We understand that Town employees will prepare all cash or other confirmations requested and will locate any invoices selected by us for testing. The workpapers for this engagement are the property of CDL and constitute confidential information. However, we may be requested to make certain workpapers available to a grantor or other agency pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of CDL personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to a grantor or other agency. That agency

The Honorable Mayor and Town Commissioners
Town of Lake Park
September 1, 2003
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may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

Our fee for these services will be at our standard hourly rates, and we estimate that our gross fee for 2003 will not exceed \$32,000. Our fee for 2004 and 2005 will include a 3% cost-of-living increase. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Likewise, if Federal or State Single Audit reports are required, we will discuss the additional fees related to such items. Our engagement ends on the date we deliver the audit reports to you, unless circumstances described earlier cause us not to issue a report. Any follow-up services that might be requested, will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new engagement letter for that service. Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will be submitted to mediation upon written request of any party to the engagement. The party requesting mediation shall select the mediation provider from the list of mediation training providers approved by the Florida Supreme Court. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association or such other rules as may be agreed upon by the parties. The results of this mediation shall not be binding upon either party. Costs of any mediation proceeding shall be shared equally by both parties. Potential errors can occur in your financial statements that can result in damages that may be many times the amount of our fees for this engagement. In order to induce us to accept this engagement, you therefore agree that our liability for any negligent errors or omissions in the performance of the engagement will be limited to the amount of our fees for this engagement.

Except to the extent finally determined to have resulted from CDL's gross negligence or willful misconduct: (1) CDL's maximum liability to the Town for any reason, including CDL's negligence, relating to the services under this letter shall be limited to the fees paid to CDL for the services or work product giving rise to liability and (2) the Town will indemnify and hold harmless CDL and its personnel from any claims, liabilities, costs and expenses arising for any reason, including CDL's negligence, relating to the services under this letter.

If you intend to publish or otherwise reproduce the financial statements together with our report (or otherwise make reference to our Firm) in a document that contains other information, you agree to provide us with a draft of the document to read and comment on before it is printed and distributed. Furthermore, you agree that the terms of this engagement do not encompass an undertaking by us (1) to consent, by means of separate letter or otherwise, to the inclusion of our auditor's report on the financial statements referred to above in a filing with a Federal or state regulatory agency or otherwise reissue our report for purposes of a securities offering or other financing transaction, or (2) to acknowledge reliance on our report by others. *Government Auditing Standards* require that we provide you with a copy of our most recent quality control review report. Our 2000 peer review report accompanies this letter.

The Honorable Mayor and Town Commissioners
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September 1, 2003
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This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supercedes any previous proposals, correspondence and understandings, whether written or oral. If any portion of this agreement is held to be void, invalid or otherwise unenforceable, in whole or in part, the remaining portions of this agreement shall remain in effect. The agreements of the Town and Caler, Donten, Levine, Druker, Porter & Veil, P.A. contained in this engagement letter shall survive the completion or termination of this engagement.

We appreciate the opportunity to be of service to the Town and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Caler, Donten, Levine,
Druker, Porter & Veil, P.A.*

Caler, Donten, Levine,
Druker, Porter & Veil, P.A.

RESPONSE: This letter correctly sets for the understanding of the Town of Lake Park, Florida

By: _____

Title: _____